



**London Borough  
of Hounslow**

**COMMUNITY INFRASTRUCTURE LEVY**

**SOCIAL HOUSING RELIEF**

## Community Infrastructure Levy

### **Mandatory Social Housing Relief**

Social housing relief is a mandatory discount applied to most social rent, affordable rent provided by a Local Authority or Private Registered provider, and shared ownership dwellings. Subject to meeting specific conditions, social housing relief can also apply to discounted rental properties provided by bodies which are neither a local authority nor a private registered provider.

#### **Definition of Social Housing**

Regulation 49 of the Community Infrastructure Levy Regulations 2010 states that social housing relief applies where at least one of the following four conditions are met.

Condition 1:

The dwelling is let by a local housing authority on a demoted tenancy, a introductory tenancy, a secure tenancy or an arrangement that would be a secured tenancy but for paragraph 4ZA or 12 of schedule 1 of the Housing Act 1985(a).

Condition 2:

The dwelling is let by a private registered provider of social housing on an assured tenancy, an assured agricultural occupancy, a demoted tenancy or an arrangement that would be an assured tenancy or assured agricultural occupancy but for paragraph 12(1)(h) or 12ZA of schedule 1 of the Housing Act 1988 and one of the following criteria are met:

- a. The rent is –
  - Subject to the national rent regime and is regulated under a standard controlling rents set by the regulator of social housing under section 194 of the Housing and Regeneration Act 2008
- b. The rent is –
  - Not subject to the national rent regime
  - Not regulated under the standard controlling rents set by the Regulator of Social Housing under section 194 of the Housing and Regeneration Act 2008
  - No more than 80 per cent of market rent
- c. The rent is –

- Not subject to the national rent regime and regulated under a standard controlling rents set by the Regulator of Social Housing under section 194 of the Housing and Regeneration Act 2008 which requires an initial rent to be no more than 80 per cent of the market rent of the property (including service charges)

#### Condition 3:

The dwelling is a shared (low cost home) ownership dwelling. The dwelling will be occupied according to statutory shared ownership arrangements as specified in section 70(4) of the Housing and Regeneration Act 2008, the initial share in the dwelling will not exceed 75 per cent of the market value, on the day the lease is granted the rent payable will be no more than 3 per cent of the value of the unsold interest, and the rise in annual rent will be limited to the retail price index plus 0.5 per cent.

#### Condition 4:

The dwelling is let by a person who is not a local housing authority, a private registered provider of social housing or a registered social landlord on either an assured tenancy, an assured agricultural occupancy, or an arrangement that would be an assured tenancy or assured agricultural occupancy but for paragraph 12(1)(h) or 12ZA of schedule 1 of the Housing Act 1988, and the following criteria are met:

- The dwelling is let to a person whose needs are not adequately served by the commercial housing market; and
- The rent is no more than 80% of market rent (including service charges); and
- A section 106 agreement has been entered into to ensure compliance with both of the criteria above.

This relief also covers qualifying communal development such as stairs and corridors.

### **Process for claiming Social Housing Relief**

In order to benefit from Social Housing relief, the person/organisation claiming social housing relief must be the owner of a material interest in the relevant land:

1. The Council will send a Liability Notice to the owners.
2. The owners must then Assume liability to pay CIL, through the submission to the Council of a CIL **Assumption of Liability** form prior to the commencement of the chargeable development.

3. The owners need to submit to the Council CIL Form 2 – **Claiming Exemption or Relief**, prior to commencement of the chargeable development and provide a map showing the location of the dwellings to which social housing relief applies, set out the gross internal area of each of the dwellings, and include a calculation of the amount of social housing relief claimed. Social housing relief is calculated according to three formulae in Regulation 50.
4. The Council will assess the claim and write to the owner as well as issuing a Revised Liability Notice to them.
5. Before development commences a **Commencement Notice** must be submitted to the Council.

If development begins before a commencement notice is received the claim form relief will lapse.

### **Disposal of land before occupation**

The beneficiary of all relief on a chargeable development is the claimant regardless of whether the claimant owns the land on which the social housing will be situated.

However the relief attached to each qualifying dwelling will transfer whenever the land on which the dwelling(s) sit is sold before they are ready for occupation. In this event the relief applicable will be recalculated and transferred to the new beneficiary.

If the development is sold the beneficiary must;

- Notify the collecting authority in writing of the sale and copy this to the new beneficiary

The process would start over again (see **Process for claiming Social Housing Relief**)

### **Withdrawal of social housing relief**

Social housing relief can be withdrawn for any qualifying dwelling where a disqualifying event occurs during the “clawback period”.

In relation to Conditions 1, 2 and 3 above the clawback period is seven years from commencement of development. For condition 4, the seven-year claw back period starts on the date on which the qualifying dwelling is first let.

A disqualifying event is any change to a qualifying dwelling causing it to no longer qualify for social housing relief i.e. when any element of the conditions above is no longer satisfied.

The relief for that dwelling must be repaid by the beneficiary. The occupant of the dwelling will never pay clawback – liability falls on the owner of the land immediately prior to the dwelling being made available for occupation.

Where a disqualifying event occurs prior to the commencement of development, social housing relief will cease to apply.

However the sale of a qualifying dwelling is not a disqualifying event if the proceeds of sale are spent on a qualifying dwelling. Transferring the sale proceeds to the Secretary of State, a local housing authority of the Homes and Communities Agency are also not disqualifying events. Disqualifying events do not include the purchase of social housing by the Regulator of Social Housing.

Where a disqualifying event occurs, the beneficiary of relief on the dwelling concerned must inform the Council in writing within 14 days. Where this is not done, a surcharge equal to the lesser amount of 20 per cent of the chargeable amount of £2,500 may be applied. The notification must include the area of floorspace which is no longer eligible and a map locating its position in the chargeable development.

The Council will calculate what clawback is payable, and notify the beneficiary in writing of the withdrawn amount and how this has been calculated. Alongside this, a new liability notice will be issued and a demand notice will be served to collect the clawed back relief. This will be done even if the development is complete.

For further assistance please refer to [www.planningportal.gov.uk/cil](http://www.planningportal.gov.uk/cil)